



Transportation Services Branch
Transportation and Marketing Programs
Agricultural Marketing Service
U.S. Department of Agriculture

Transportation Indicators for the Agricultural Containerized Shipping Industry

Fourth Quarter 2004
(October-December)
Issued February 2005

Indicator agricultural products U.S. to Asia	Current	% change	
		Last quarter	Last year
Rates - 4th Quarter 2004			
Refrigerated shipments ¹	\$3,734	1%	3%
Dry shipments ²	\$1,238	(2%)	(12%)
Surcharges			
Bunker (fuel) Adjustment Factor ¹	\$275	17%	17%
Currency Adjustment Factor ³	49%	0%	17%
Volume - October 2004			
Outbound shipments ⁴	91 ⁵	18% ⁵	(2%) ⁵
Capacity - 3d Quarter 2004, all products			
Container slots available ⁴	1,675	4%	14%
Container slots used ⁴	912	(5%)	4%
% of container slots used	54%	(9%)	(9%)

¹per 40-foot container ²per 20-foot container ³for shipments to Japan only ⁴thousand 20-foot containers

⁵monthly data presented, not quarterly

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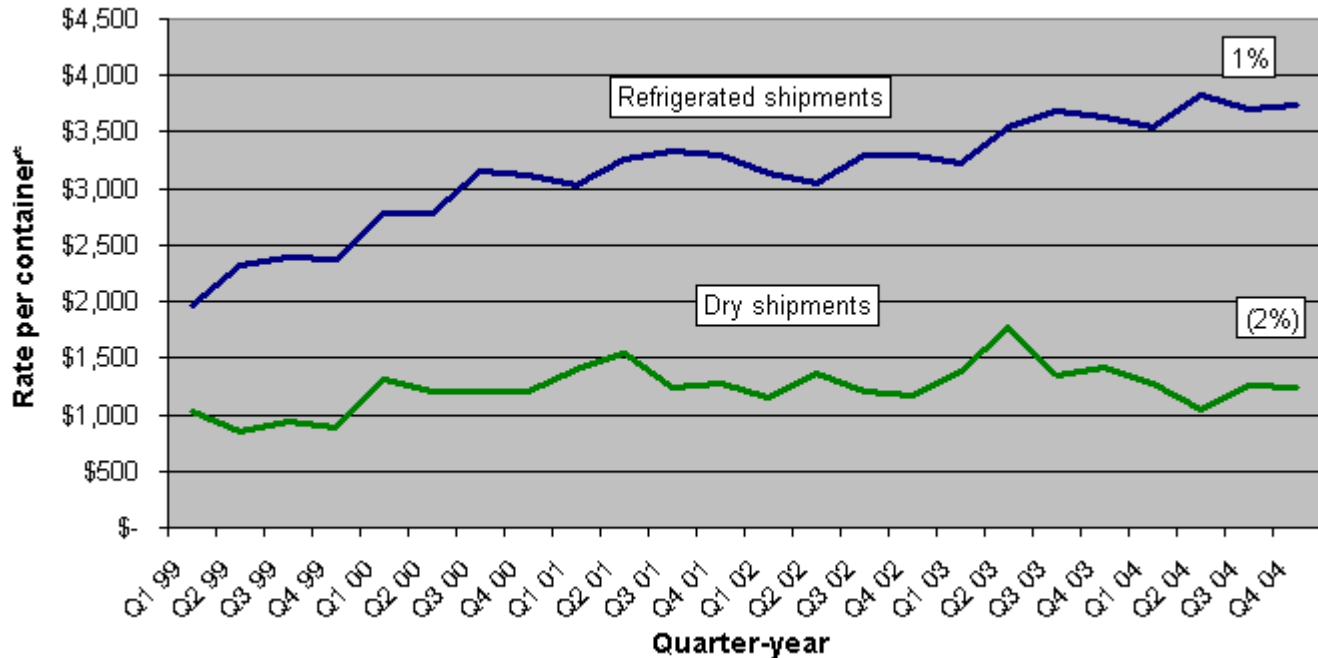
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Container Rates: Agricultural Shipments

Refrigerated and dry commodities, U.S. to Asia



*Refrigerated rates are for 40-foot containers. Dry rates are for 20-foot containers.

The indicators above are indexes based on a group of tariff rates for commodities tracked quarterly in the *Ocean Rate Bulletin*. Rates are weighted by market share for each shipping line, trade lane, and commodity. The refrigerated rate index includes: poultry, lettuce, frozen potatoes, grapes, apples, and oranges. The dry rate index includes: almonds, animal feed, pistachios, raisins, soybeans, and lentils. Rates include all surcharges and are calculated on a typical shipment for each commodity. See the list of [Asian countries](#) used in determining the refrigerated and dry rates.

Source: *Ocean Rate Bulletin*, USDA/AMS, <http://www.ams.usda.gov/tmd/ocean/index.asp>, 1999-2004

Tariff Rates change little for quarter 4, 2004. Quarter 4, 2004, export rates for dry commodities such as nuts and soybeans to Asia fell 2 percent while refrigerated rates increased 1 percent to the same region. Tariff rates for dry, low-value agricultural commodities such as animal feed dropped 12 percent when compared to quarter 4, 2003. This drop in rates could be a result of slow containerized exports in 2004. Rate reductions for refrigerated shipments such as fresh grapes and apples during 2004 were offset by increased rates for fresh lettuce and frozen prepared potatoes during the same quarter. Overall, refrigerated rates increased 1 percent over quarter 3, 2004.

General Rate Increases (GRIs) expected for January 2005. Member carriers of the Westbound Transpacific Stabilization Agreement (WTSA) have recommended [GRIs](#) for a variety of agricultural products to take effect January 1, 2005. These commodities include frozen prepared potatoes, frozen vegetables and hay. The WTSA is a discussion group of major ocean carrier shipping lines operating in the U.S. to Asia trade lanes, which meet to discuss market situations, rates and service availability.

So what? (follow this link to expand)

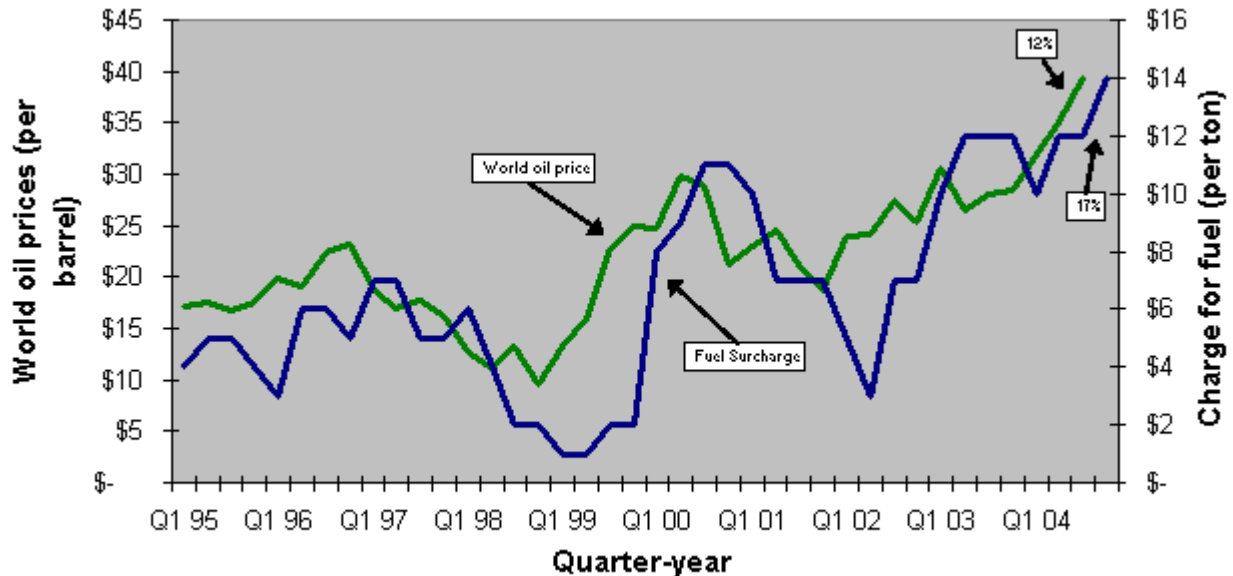
What is a container rate? (follow this link to expand)

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Surcharges: Bunker Adjustment Factor A Special Charge for Fuel

Bunker Adjustment Factor surcharge, compared with world oil prices



Sources: World Oil Prices: http://tonto.eia.doe.gov/oog/info/twip/twip_crude.html

Bunker Adjustment Factor: Ocean Rate Bulletin, USDA, www.ams.usda.gov/tmd/ocean

Bunker Adjustment Factor (BAF) Continues to Rise.

Recommendations by the Westbound Transpacific Stabilization Agreement (WTSA) and carriers' publicly filed tariff rates show increases in BAF surcharges for quarter 1, 2005. Carriers increased BAF surcharges by \$2 per metric ton during quarter 4, 2004 and have announced an increase of another \$3 per metric ton effective January 1, 2005. This \$3 increase will bring the BAF surcharges to \$320 per 40-foot container (see BAF table). The additional \$3 per metric ton surcharge increases the cost of shipping a 40-foot container of hay, for example, by \$45 bringing the BAF surcharges to 37 percent of the final ocean rate.

Bunker Adjustment Factor		
Rate	Quarter 4 2004	Quarter 1 2005
Per 40-foot container	\$275	\$320
Per 20-foot container	\$220	\$256
Per ton	\$14	\$17

Crude Oil Prices and Fuel Surcharges Increase. Crude oil prices for quarter 1, 2005 are about \$43 per barrel, approximately \$8 per barrel higher than quarter 1, 2004. This is \$3 per barrel lower than quarter 1 projections for 2005. (*Short-Term Energy Outlook* January 2005) Although, world oil prices fell \$10 per barrel on average over the past two month due to ongoing restoration of oil production, unseasonably warm weather in the United States, and rising U.S. and Organization for Economic Cooperation and Development (OECD) commercial oil inventories. According to the Energy Information Administration (EIA), prices are likely to remain around the \$43 per barrel range throughout 2005 and 2006. As a result, the WTSA is expecting marine fuel prices to hover between the \$220-\$240 range pushing BAF surcharges to \$17 per metric ton for quarter 1, 2005.

So What? (follow this link to expand)

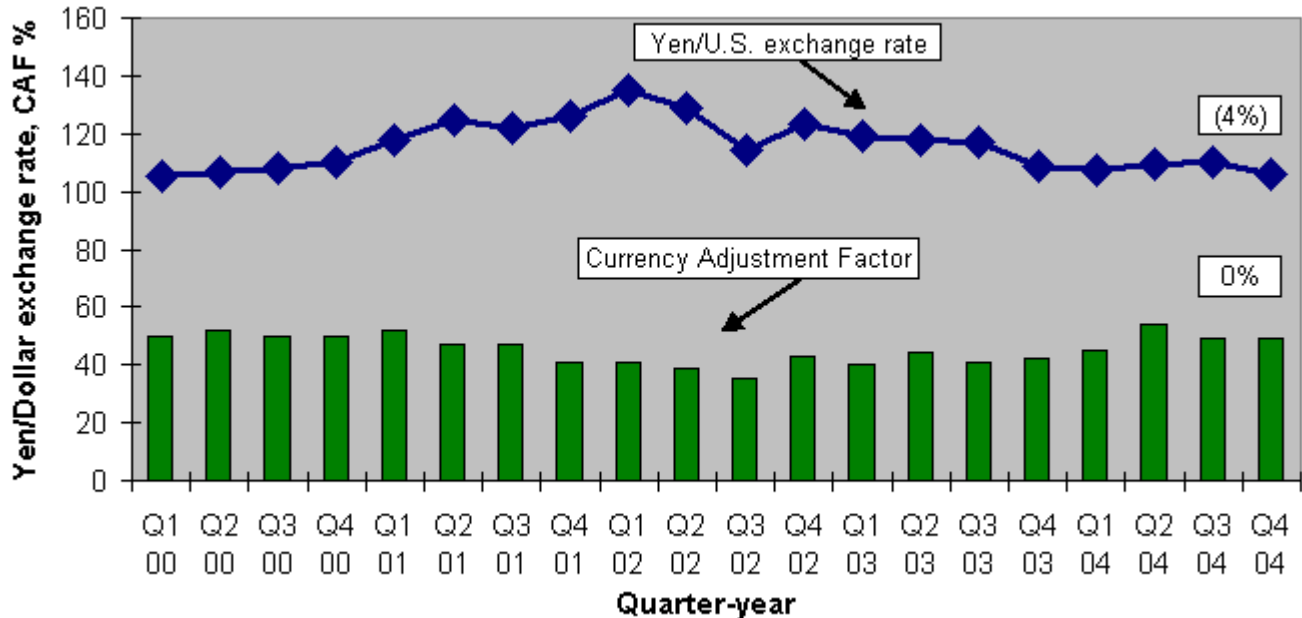
What is the BAF? (follow this link to expand)

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Surcharges: Currency Adjustment Factor (Japan)

Comparison of the yen/dollar exchange rate with the Currency Adjustment Factor (CAF) for shipments to Japan



Sources: Federal Reserve Statistical Release, Foreign Exchange Rates, Historical Data <http://www.federalreserve.gov/releases/H10/hist/>; Ocean Rate Bulletin, AMS, 2000-2004

Currency Adjustment Factor (CAF) surcharge holds steady for quarter 4, 2004. Uncertainty in the yen per dollar exchange rate caused carriers moving shipments to Japan to hold CAF surcharges at 49 percent of the base ocean rate during quarter 4, 2004. As the U.S. dollar weakened during 2004, CAF surcharges reached a high of 54 percent as carriers passed on to shippers the effects of changing exchange rates in the U.S. to Japan trade lane. On average, CAF surcharges were 49 percent in 2004 for shipments to Japan.

Increase in CAF surcharges expected for quarter 1, 2005. The Westbound Transpacific Stabilization Agreement (WTSA) has recommended a CAF of 50 percent for shipments to Japan for quarter 1, 2005. This recommended one percentage point increase in CAF surcharge reflects the 4 percent decrease in the yen per dollar exchange rate seen during quarter 4, 2004. The WTSA has recommended a one percentage point increase in CAF surcharges for exports to Singapore (see Currency Adjustment Factor table). An increase of 1 percentage point in the CAF surcharge represents an increase of \$28 for a 40-foot container of frozen poultry and a \$8 increase for a 40-foot container of hay.

Currency Adjustment Factor		
Country	Quarter 3	Quarter 4
Japan	49%	49%
Singapore	9%	9%
Taiwan	4%	4%

So what? (follow this link to expand)

What is the CAF? (follow this link to expand)

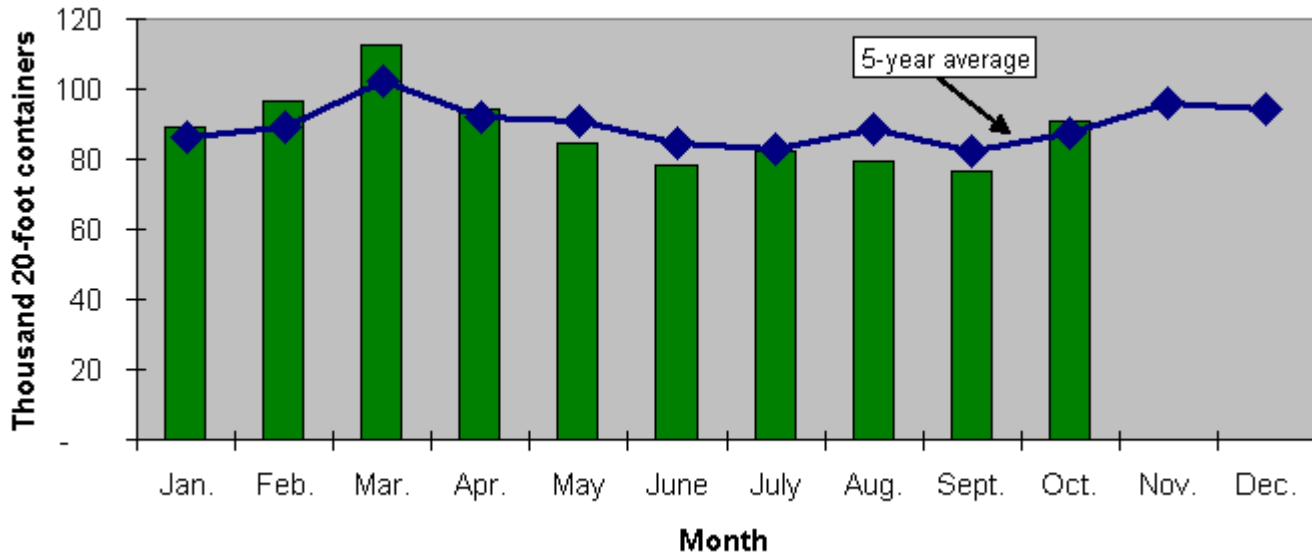
*Rate increases estimated from frozen poultry and hay shipments, respectively.

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Outbound Volume: Agricultural Shipments

Containerized agricultural products, U.S. to Asia



Source: Port Import Export Reporting Service (PIERS), Journal of Commerce, New York, 2004
See a list of [Asian countries](#) used to calculate the volume numbers above.

October Volume Slightly Above 5-Year Average. Following the normal trend, containerized exports of agricultural products in October were up 18 percent from the previous month and 3 percent above the 5-year average. According to USDA's Economic Research Service, the overall volumes of soybean and cotton exports were substantially higher in October than in September. Soybean export volumes are generally higher in October as U.S. soybeans replace exports from South America. Containerized shipments of cotton increased 114 percent and containerized soybean shipments increased by 65 percent. Additionally, total exports of tobacco and dried fruits and nuts made substantial gains in October over September.

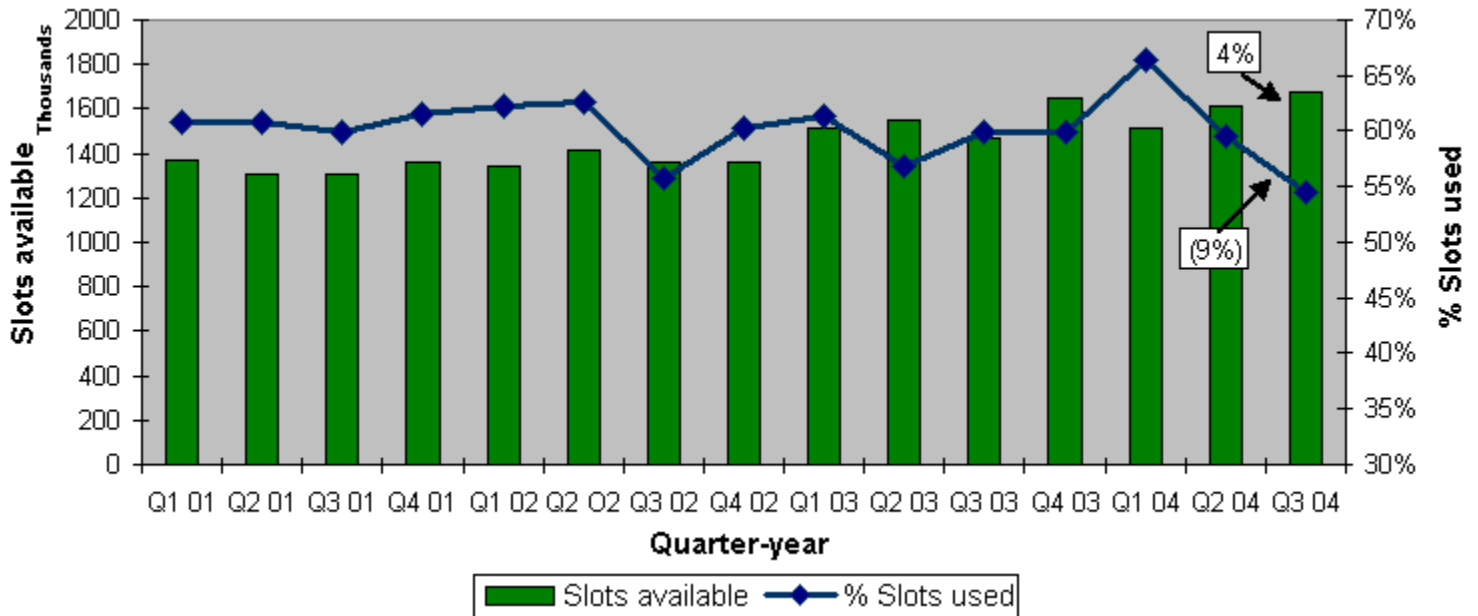
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Capacity and Utilization

Outbound container slots available vs. slots used, U.S. to Asia



Source: On Board Review, PIERS, New York, 2001-Q3 2004

Vessel Utilization Low during Quarter 3. The percentage of container slots used during quarter 3, 2004 was down 9 percent from the previous quarter. Quarter 3 is a typically slow period for U.S. containerized exports to Asia (see [Volume](#) section). However, since the beginning of 2004, available container slots for export to Asia have been increasing each quarter corresponding with a consistent decrease in the percentage of slots used. This decrease can be explained by the increase in slots made available and a slow year for U.S. containerized exports to Asia despite a weak U.S. dollar. As larger container vessels come online, most to be delivered by 2007, we could see further increases in the number of container slots made available in the Trans-Pacific trade lanes.

So what? (follow this link to expand)